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Military Veterans' Experiences in For-Profit Higher Education

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May 2012

Testimony submitted before the House Committee on Veterans' Affairs,
Subcommittee on Economic Opportunity on May 16, 2012

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Military Veterans' Experiences in For-Profit Higher Education²

**Before the Committee on Veterans' Affairs
Subcommittee on Economic Opportunity
United States House of Representatives**

May 16, 2012

In 2010, the Senate Committee on Health, Education, Labor, and Pensions (HELP Committee) published a series of reports that called attention to aggressive and misleading recruiting practices and high rates of dropout and student loan defaults at for-profit colleges. Because education benefits from the Department of Veterans Affairs and the Department of Defense do not count as federal Title IV financial aid under a law requiring that at least 10 percent of revenue at for-profit colleges come from non-Title IV sources (the so-called 90/10 rule), the reports raised particular concerns about for-profit institutions' recruitment of military veterans. The HELP Committee noted that in the first year after the new, Post 9/11 GI Bill took effect in August 2009, 36.5 percent of the benefits went to for-profit institutions, though these institutions enrolled only 23.3 percent of beneficiaries (U.S. Senate, 2010).

In light of the HELP Committee reports and the ensuing negative media attention on for-profit institutions, one might assume it is the schools' aggressive and targeted recruiting practices that are luring nearly a quarter of Post-9/11 GI Bill recipients to these schools—in other words, that naive veterans are being tricked into choosing overpriced institutions with subpar student outcomes. However, a separate study that my colleagues and I conducted at the RAND Corporation in 2010, during the first year of the new GI Bill's implementation, sheds additional light on why military veterans choose for-profit colleges and the experiences they have there, relative to their counterparts in non-profit and public institutions (Steele, 2010).³ This testimony summarizes those findings and their implications for consideration of Executive Order 13607, Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members.

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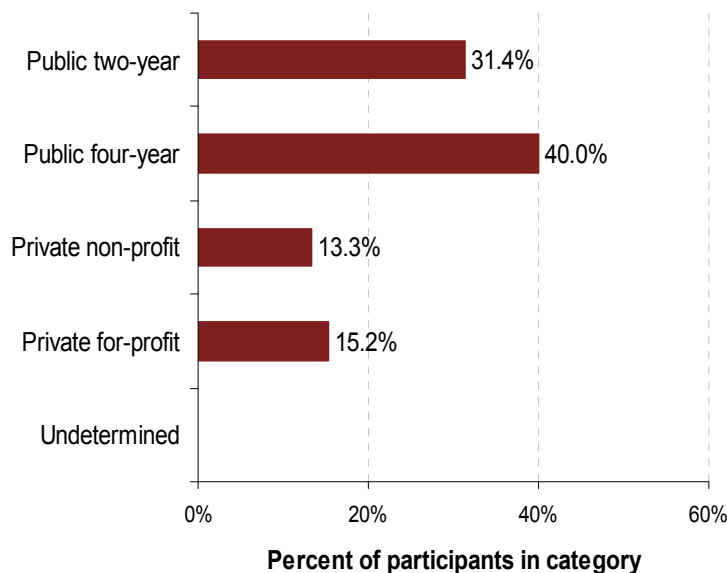
² This testimony is available for free download at <http://www.rand.org/pubs/testimonies/CT376.html>.

³ This study can be found online at <http://www.rand.org/pubs/monographs/MG1083.html>.

RAND's study was conducted at the request of the American Council on Education—a non-partisan membership organization of accredited public and private higher education institutions—and was funded by the Lumina Foundation for Education. We were asked to study implementation of the Post -9/11 GI Bill in terms of the experiences of veterans, active duty service members, and eligible dependents who were using the new benefits to pursue postsecondary education. We also wanted to understand those students' experiences transferring military credits to academic credits and adapting to life on campus. Our study included focus groups at 13 college campuses and included a total of 105 students. The campuses were distributed among three geographically diverse states with large veteran populations—Arizona, Ohio, and Virginia. In each state, we conducted focus groups at one private for-profit college, one private non-profit college, one public four-year college, and one public two-year college.⁴ Building on the focus group data, we then conducted an online survey of a convenience sample of 230 veterans, service members, and eligible dependents enrolled in higher education institutions from across the nation.⁵

As shown in Figures 1 and 2, both the focus group and survey samples included a substantial share (15-21%) of students at for-profit institutions, affording us the opportunity to compare students' self-reported experiences by sector.

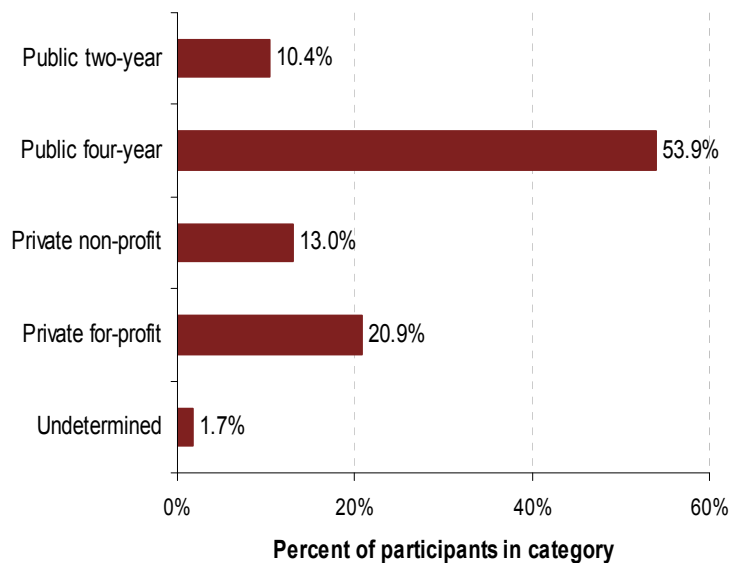
Figure 1. Distribution of focus group participants by institution type (n=105)



⁴ All private colleges were four-year institutions. In one state, we visited two private non-profit colleges due to low veteran enrollment at one of the two.

⁵ Survey participants were recruited through an email list maintained by the American Council on Education of individuals who had signed up for an online forum about veterans' issues in higher education, so this was not a random sample.

Figure 2. Distribution of survey respondents by institution type (n=230)



Veterans' Reasons for Choosing For-Profit Colleges

In the focus groups, we asked students about factors that had driven their choice of college and about their college experiences. Contrary to the prevailing image of veterans as undiscerning consumers of higher education, the veterans, Reservists, active duty service members, and family members with whom we spoke described thoughtful deliberations about their choice of institutions.⁶ Students in for-profit colleges reported a number of rationales for their institutional decisions; the main ones are summarized in the paragraphs that follow.

Tuition costs that were covered by their GI Bill benefits. Much of the public discussion of for-profit colleges has focused on their higher tuition rates relative to that of public two-year and four-year colleges, which offer taxpayer-subsidized tuition rates. Placing a larger share of the tuition burden on students can mean that they must take on more debt, but this was not the case for the students we spoke with in for-profit colleges, because their colleges were setting veterans' tuition rates to match allowable GI Bill benefits in their respective states.⁷ Thus, for students who qualified for the full GI Bill benefit, the choice of a for-profit or a lower-tuition public institution was cost-neutral.

⁶ Henceforth I refer collectively to participants as veterans because separated veterans constituted 77 percent of focus group participants and 82 percent of survey respondents, respectively. Reservists made up much of the rest, with active duty service members and dependents constituting only a small share.

⁷ When we conducted the study in 2010, the tuition cap reflected the highest undergraduate tuition rate at a public institution in the state. A legislative change that took effect on August 1, 2011 standardized the cap at \$17,500 across states.

Adult-oriented, career-focused programs with flexible schedules. Many student veterans in our focus groups described themselves as working adults, with responsibilities beyond those of a traditional student just out of high school. Among survey respondents, 46 percent said they worked more than 30 hours a week, and 63 percent said so among respondents from for-profit colleges. Despite the availability of a housing allowance in the new GI Bill, numerous participants—especially those with families—reported that they still needed to work in order to make ends meet. Consequently, they wanted programs that offered evening and weekend classes and locations close to their homes or workplaces, with online and face-to-face course options.

While some public two-year and four-year colleges also offer flexible schedules and online courses, students attending such institutions frequently expressed frustration with the immaturity of their peers. One student in a public two-year college said that disruptive students made her classes feel “like an extension of high school.” Indeed, some students in for-profit institutions mentioned that they had deliberately sought an environment that catered to working adults. They were also drawn to the career-focused curricula of the for-profits and the ability to avoid broad-based requirements and electives that did not pertain directly to their career plans.

Ability to transfer military to academic credits. For-profit institutions have been criticized as offering credits that are hard to transfer elsewhere. However, it was these colleges’ willingness to accept military transcripts that appealed to focus group participants, who generally described wanting to complete their degrees as fast as possible. We heard a similar story from survey respondents. Table 1 summarizes survey responses with regard to students’ attempts to transfer credits. Column 4 illustrates that the rate of satisfaction with the credit transfer experience was 60 percent among survey respondents who had attempted to transfer credits into for-profit colleges, versus only 27 percent among those from community colleges, and 41 percent among respondents from public four-year colleges. Only participants from private non-profit colleges reported higher credit transfer satisfaction rates, at 82 percent.

Table 1. Survey respondents' credit transfer experiences, by institution type

Institution Type	Respondents	Attempted to Transfer Military Credits	Satisfied with Credits Transferred Among Those Who Attempted*	Mean Number of Military Credits Transferred Among Those Who Attempted
Public 2-Year	24	62.50%	26.60%	12
Public 4-Year	124	58.90%	41.10%	18.9
Private Nonprofit	30	40.00%	81.80%	23.7
Private For-Profit	48	62.50%	60.00%	15.3
Undetermined	4	0.00%	-	-
Overall	230	56.50%	47.30%	17.7

Note: Differences by institution type are not statistically significant at the .05 level.

Ability to enroll in the courses they need when they need them. Also critically important to students we spoke with was access to the courses required for their degrees. Being shut out of oversubscribed courses was a frequent complaint we heard among focus group participants at public two- and four-year colleges. Given budget cutbacks at state-funded institutions, this complaint is not surprising, but it contrasts with the stories we heard from participants at private colleges—both for-profit and non-profit—who did not describe course access as a problem. The reasons for this discrepancy are not clear. It may be that the private institutions are more nimble in adjusting to course demand—e.g., by deploying adjunct instructors to open new course sections as needed (Turner, 2006). Or it may be that private institutions are already more likely to build excess capacity into their schedules. Alternatively, it may be an accident of the sample we drew.

What is clear is that because the Post-9/11 GI Bill offers up to 48 months of benefits, GI Bill benefits go farthest when students are able to enroll full-time each semester. When they are unable to fulfill course requirements during a semester, they are at risk of exhausting their benefits before completing undergraduate degrees.

Ability to attend the same institution in multiple states. A final reason some student veterans gave for choosing for-profit colleges was the advantage of being able to enroll in a national chain that offered locations in multiple states. For students who expected to relocate in the future, access to campuses in multiple states seemed to reduce the risk that they would need to transfer their credits to a different institution in the future, and to increase the potential that they would be able to graduate from the same institution in which they started.

Veterans' Experiences in For-Profit Colleges

Beyond veterans' reasons for choosing their colleges, the survey inquired about their experiences in their schools. Notably, survey respondents in for-profit institutions reported higher-than-average satisfaction rates with academic advising, at 67 percent, versus about 50 percent satisfaction among respondents at other institution types, as shown in Table 2. However, their reported satisfaction with their faculty members was slightly lower, at 63 percent, versus 67 percent overall. The reasons for these patterns are not entirely clear. As some students and institutional administrators reported to us, the for-profit institutions we visited were quite focused on academic advising, with advisors routinely calling students to check on their progress. In contrast, some evidence suggests that for-profit colleges spend less on faculty members than other higher education institutions, in part by employing fewer tenured faculty (Deming, Goldin, & Katz, 2011; Quintero, 2011).

Table 2. Percent of survey respondents finding each support source to be "quite helpful" or "extremely helpful" in pursuing their academic goals, by institution type

Institution Type	Professors in Classes (n=217 respondents)	Academic Advisor (n=205 respondents)
Public 2-Year	66.70%	50.00%
Public 4-Year	67.50%	47.80%
Private Nonprofit	71.40%	52.20%
Private For-Profit	63.00%	67.40%
Undetermined	100.00%	100.00%
Overall	67.30%	53.20%

Note: Differences by institution type are not statistically significant at the .05 level.

Return to a for-profit education. An important question the Subcommittee may be left with is whether these students, despite their deliberate rationales for choosing for-profit colleges, were nevertheless making choices that compromised their earning potential due to poor reputation of some of these schools. For instance, one recent study found higher unemployment rates (by 5 to 7 percentage points) and 8 to 9 percent lower earnings six years later among those who attended two-year and four-year for-profit colleges than among their counterparts from public and nonprofit institutions (Deming, Goldin, & Katz, 2011). However, the study used a methodology that may not have fully accounted for higher risk factors among students at for-profits. In contrast, a recent study that examined labor market returns to education from public versus for-profit two-year colleges suggested that the returns were similar. Controlling for unmeasured individual attributes by tracking individuals longitudinally before and after their postsecondary training, Cellini and Chaudhary (2011) found similar returns to a two-year degree among graduates of public and for-profit institutions, equal to about 8 percent per year of education. They also found similar returns,

of about 6 percent per year of education, for those who attend two-year public or for-profit institutions but do not graduate.

It is also important to remember that the flexible schedules and openness to military credits that for-profit students described could potentially allow veterans to earn degrees more quickly than they would at other institutions, thereby at least partially offsetting any possible earnings penalty from attending a less-prestigious institution. Given that tuition differences between for-profit and other institutions would in most cases be negligible for students who qualified for full GI Bill benefits, together these findings suggest that GI Bill users enrolling in for-profit colleges may, at least in some cases, be economically justified in their choice to do so.

Implications for Consideration of Executive Order 13607

This discussion is not intended to suggest that we found no room for improvement in the for-profit colleges we visited, or that our focus group and survey samples were nationally representative of colleges or students. In particular, for-profit colleges were the least likely of the institution types we visited to offer mental health services and veteran-specific resources. But our study does add nuance to the public understanding of military veterans in higher education, including their reasons for choosing for-profit colleges.

Our findings about students' experiences across sectors suggest that efforts to encourage high-quality educational programming should consider all sectors, especially regarding institutions' ability to meet the needs of military veterans and other non-traditional adult learners. In the ensuing discussion, I consider two particular strategies discussed in Executive Order 13607—increasing transparency of information about higher education institutions, and improving advising and support services for student veterans.

Increasing transparency of information about higher education institutions. Because veterans are discerning consumers, strategies to increase transparency about programs should be encouraged. Since the RAND Study was published on Veterans' Day 2010, the Department of Veterans Affairs has already made considerable improvements to its GI Bill website (gibill.va.gov). For instance, it now provides a link to a "Choosing a School" page, from which one can link to the Department of Education's College Navigator Website (nces.ed.gov/collegenavigator/). College Navigator, in turn, provides a comprehensive search tool with extensive institution-level information, including hundreds of variables, such as loan default rates and net price information by student income bracket, as well as a net price calculator for many institutions.

In other words, College Navigator already provides excellent transparency for higher education consumers who take time to review it. This potentially obviates the need for some of the detailed information that the Executive Order requires institutions to provide to individual students as part of Section 2(a). This information includes items such as total price, total aid, and total debt burden the student can expect to accrue, since that information can be inferred to a large extent from the net price calculators on College Navigator.

However, RAND does have a few suggestions for how gibill.va.gov and nces.ed.gov/collegenavigator might be strengthened to offer even greater transparency to veterans:

- On gibill.va.gov, the link to the College Navigator is not identified as such. Instead, it currently looks like just a graphic or possibly an advertisement. The link should be labeled as College Navigator and defined as a Department of Education search tool for finding, comparing, and choosing among higher education institutions.
- A variable that College Navigator lacks that may be useful to add for veterans is information about GI Bill and Tuition Assistance usage rates/amounts at each institution. This recommendation is consistent with Section 3(c) of the Executive Order. Its benefit is that it would provide service members and veterans with at least some information about military enrollment rates across institutions.
- College Navigator's net price examples and calculators do not include military benefits, though they do include other types of federal aid under Title IV of the Higher Education Act. Through a collaboration with the Department of Veterans Affairs (and through guidelines to the institutions that post the calculators), it would likely be possible to build military benefits into both the net price examples and the institution-specific net price calculators.

The provision in Section 3(c) for additional reporting of student outcome information by institution and federal program using existing data from national datasets would also help to improve transparency, subject to caveats about the data being merely descriptive and reflecting the composition of students and academic majors at each institution. However, responsibility for this analysis and reporting would ideally be managed at the federal level rather than falling on the individual institutions, which are already facing sharp resource constraints in terms of veteran services and education services more broadly.

Improving advising and support services for student veterans. Provisions in Sections 2(g) and (h), calling for institutions to provide academic advising for veterans and a point of contact for such advising are consistent with areas that our data identified as important for meeting veterans' needs. However, two additional points about these provisions are worthy of consideration:

- Provision (g), which calls for detailed planning of how to meet graduation requirements on time, might be at least partially obviated for all students—not just veterans—if colleges were better able to meet students' enrollment demands in courses required for graduation. In our data, as noted above, access to required courses was described as a particular problem in public two-year and four-year institutions.
- Second, most institutions already provide a point of contact for veterans; it is typically the certifying official who confirms enrollment with the Department of Veterans Affairs. However, the level of knowledge and service that this individual provides varies dramatically among higher education institutions. Rather than requiring that a point of contact exist, it may be desirable to recognize or incentivize sustainable, cost-effective models of excellence in providing veteran transition services on campus.

The purpose of these recommendations is to assist the Subcommittee in considering whether and how to act on the provisions in Executive Order 13607. RAND is grateful to the Subcommittee for considering our research in your deliberations. We would be delighted to answer any follow-up questions that arise in response to this written testimony.

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